

**INFORMATION
OCTOBER 18, 2002**

HIGHER EDUCATIONAL AIDS BOARD

BOARD REPORT #03-11

2003-05 BIENNIAL BUDGET REQUEST

**STATE OF WISCONSIN
HIGHER EDUCATIONAL AIDS BOARD
NARRATIVE**

General Purpose Revenue (GPR) Program Funding

Per the “budget target policy” an increase of zero percent over FY03 GPR Program Funding is being requested. However, **if funds do become available, financial assistance programs** administered by the Higher Educational Aids Board (HEAB) for postsecondary education should become a priority.

I(a). Targeting Partial Cost of Education, Specifically Tuition, with Broader Need Based Programs

Historically, funding for programs administered by the Higher Educational Aids Board was tied to the cost of education. For example, funding for the Wisconsin Higher Education Grant (WHEG) Program when it was initially created was tied to meeting 33.33% of the cost of education. To meet 33% of the Wisconsin student’s cost of education today (excluding the Expected Family Contribution and other available need based assistance) funding for the WHEG and Wisconsin Tuition Grant (WTG) and Talent Incentive Program (TIP) Grant Programs would need to increase by approximately 69% for 2002-03. Most recently, funding requests have been tied to tuition increases. Tuition increases from year to year can range from 5 to 9%. The recently passed 2001-03 Budget Adjustment Bill included a provision that ties UW WHEG Program funding increases in the future to increases in the previous year's tuition increase (2002-03 UW tuition increased 8%). UW WHEG provides assistance for UW students. The students who are served by the WTC WHEG, WTG and the TIP Grant Programs experience similar tuition increases as the UW students served by the UW WHEG Program. In order to provide financially needy Wisconsin residents who attend WTC and Independent Colleges and Universities the same educational opportunity as those attending UW, the same funding relationship needs to be made.

2003-04 Request - Targeting Partial Cost of Education, Specifically Tuition, with Broader Need Based Programs

	2002-03 Appropriation	8% ↑	2003-04 Total Request
Talent Incentive Program Grant	\$ 4,503,800	\$ 360,300	\$ 4,864,100
UW WI Higher Education Grant*	\$ 21,839,600	\$1,747,200	\$ 23,586,800
WTC WI Higher Education Grant	\$ 14,874,000	\$1,189,900	\$ 16,063,900
WI Tuition Grant	\$ 22,103,700	\$1,768,300	\$ 23,872,000
TOTAL	\$ 63,321,100	\$5,065,700	\$68,386,800

2004-05 Request - Targeting Partial Cost of Education, Specifically Tuition, with Broader Need Based Programs

	2003-04 Total Request	8% ↑	2004-05 Total Request
Talent Incentive Program Grant	\$ 4,864,100	\$ 389,100	\$ 5,253,200
UW WI Higher Education Grant*	\$23,586,800	\$1,886,900	\$25,473,700
WTC WI Higher Education Grant	\$16,063,900	\$1,285,100	\$17,349,000
WI Tuition Grant	\$23,872,000	\$1,909,800	\$25,781,800
TOTAL	\$68,386,800	\$5,470,900	\$73,857,700

2003-05 Request - Targeting Partial Cost of Education, Specifically Tuition, with Broader Need Based Programs

	2003-04 Total Request	2004-05 Total Request	2003-05 Total Request
Talent Incentive Program Grant	\$ 4,864,100	\$ 5,253,200	\$ 10,117,300
UW WI Higher Education Grant*	\$23,586,800	\$25,473,700	\$ 49,060,500
WTC WI Higher Education Grant	\$16,063,900	\$17,349,000	\$ 33,412,900
WI Tuition Grant	\$23,872,000	\$25,781,800	\$ 49,653,800
TOTAL	\$68,386,800	\$73,857,700	\$142,244,500

* The recently passed 2001-03 Budget Adjustment Bill included a provision that ties UW WHEG Program funding increases in the future to increases in the previous year's tuition (2002-03 UW tuition increased 8%).

I(b). Meeting Substantial Unmet Financial Need

Based on data collected annually by HEAB, the total unmet need was \$225,518,955 for needy Wisconsin college students in 2000-01 after the family contribution, institutional assistance, federal assistance, and state assistance were applied to the cost of education. This reflects a 3.7% increase in financial need when compared to the level of financial need found in 1998-99. The financial assistance taken into consideration for this calculation included need based employment, loans, and grants. Please see **Attachment A**, which provides more detail related to Wisconsin student financial need and funding sources.

Funding Required to Maintain Same Level of Funding as Ten or More Years Ago

The three State funded programs that serve the largest number of Wisconsin college students include the WHEG with 36,835 recipients in 2000-01; the WTG with 12,343 recipients in 2000-01; and the Talent Incentive Program (TIP) Grant with 4,146 recipients in 2000-01. All three programs are awarded primarily based on the student’s financial need. Funding priority should be particularly given to these three programs on an equal basis.

In 1990-91 8.95 percent of the financial need, calculated for Wisconsin students receiving State assistance, was met through the TIP, WHEG, and WTG Programs. In 2000-01 the same three programs met 8.58 percent of students' financial need. An additional \$2,474,025 (4.29% more in funding) in 2000-01 would have brought these three programs back to meeting 8.95 percent of financial need as had been the case ten years prior.

Additional 2003-05 Request (to be added to 2003-04 request above) - to Maintain Same Level of Funding as Ten or More Years Ago

	2002-03 Appropriation	4.29% ↑
Talent Incentive Program Grant	\$ 4,503,800	\$ 193,200
UW WI Higher Education Grant	\$ 21,839,600	\$ 936,900
WTC WI Higher Education Grant	\$ 14,874,000	\$ 638,100
WI Tuition Grant	\$ 22,103,700	\$ 948,300
TOTAL	\$ 63,321,100	\$2,716,500

I(c). Meeting Increasing Need Due to the Increase of Needy Applicants

During the 2001-03 biennial period the number of Wisconsin college financial aid applicants began to increase dramatically, particularly within the Wisconsin Technical College System. UW student financial aid applications increased by 1.98% in 2001-02 and are up by 4.16% to date for the 2002-03 academic year. The number of WTC student applicants increased by 15.91% in 2001-02 and are up by 19.77% to date for 2002-03 academic year. Dramatic increases in enrollment have typically occurred within Wisconsin's Technical College System when the State's economy has taken a down turn. Independent College and University student applications increased by 1.42% in 2001-02 and are up by 3.53% to date for 2002-03. To meet the need for additional assistance, an additional increase in funding is necessary.

Additional 2003-05 Request (to be added to 2003-04 requests above) - to Meet Increasing Need Due to the Increase of Needy Applicants

	2002-03 Appropriation	% ↑
Talent Incentive Program Grant	\$ 4,503,800	\$ 180,200 (4%)
UW WI Higher Education Grant	\$ 21,839,600	\$ 873,600 (4%)
WTC WI Higher Education Grant	\$ 14,874,000	\$ 2,974,800 (20%)
WI Tuition Grant	\$ 22,103,700	\$ 884,200 (4%)
TOTAL	\$ 63,321,100	\$ 4,912,800 (8%)

II. Expanding Educational Opportunities for Wisconsin's Native Americans

The Indian Student Assistant Grant (ISAG) was established to assist Wisconsin residents who are at least twenty five percent Native American and are undergraduate or graduate students enrolled in degree or certificate programs at a University of Wisconsin, Wisconsin Technical College, an Independent College or University, Tribal College or a Proprietary Institution in Wisconsin. Awards are based on financial need with a limit of ten semesters of eligibility.

Currently the maximum award under this program is \$1,100. Prior to 1995-96, the maximum award was \$2,200. The award had been split in half in 1995-96 because funding availability dropped by 50%.

Since the decrease in the maximum, there has been an increasing number of Native American students who have been forced to drop out of school due to lack of funding. It appears that, although not all students would be eligible for a maximum of \$2,200 under this program, students who have financial need have very high financial need and require the highest maximum grant possible in order to afford to stay in school.

In order to fund an increase in the maximum, the program's appropriation would also need to double. The ISAG Program is funded through Gaming Funds unlike other programs HEAB administers which are funded through General Program Revenue.

The Tribal Wisconsin Higher Education Grant (WHEG) Program, established in 1999, provides grant assistance to undergraduate, Wisconsin residents enrolled at least half-time in degree or certificate programs at one of Wisconsin's two Tribal Colleges. Awards are based on financial need. The maximum one can be awarded under the WHEG program per statutes is \$1,800 per academic year.

During the 2001-02 academic year, 290 Wisconsin Tribal College students received on average \$1,378 grants under this program. A total of \$399,776 was awarded to all recipients in 2001-02. Each year of this program's existence students have been placed on a waiting list due to lack of funds. If funds were available, best projections indicate that an additional \$452,000 could have been spent beyond the \$404,000 allocated for 2002-03. The ISAG Program is funded through Gaming Funds unlike the majority of other programs HEAB administers which are funded through General Program Revenue.

2003-05 Request

	2002-03 Approp.	100% ↑	2003-04 Request	2004-05 Request	2003-05 Request
Indian Student Assistance Grant*	\$787,600	\$787,600	\$1,575,200	\$1,575,200	\$3,150,400
Tribal WI Higher Education Grant**	\$404,000	\$404,000	\$808,000	\$808,000	\$1,616,000

*This program is funded through gaming funds rather than GPR.

**This program was established in 1999-01 and is funded through gaming funds rather than GPR.

III. Expanding Educational Opportunities for Wisconsin's Minority Undergraduate Students

Awards under the Minority Undergraduate Grant Program are made to resident minority undergraduates, excluding first year students. The student must be enrolled at least half-time at an Independent or a Wisconsin Technical College institution. According to the statutes, a minority student is defined as a student who is an African American, American Indian, Hispanic, or Southeast Asian from Laos, Cambodia, or Vietnam admitted to the U. S. after December 31, 1975. Awards are based on financial need with a maximum grant of \$2,500 per year, which can be received for up to eight semesters. The University of Wisconsin System has a similar program for students attending those institutions called the Lawton Grant.

Recently surveyed students who have participated in the program indicated that the grant positively affected their decision to return to or stay in school. One hundred percent of the survey respondents either had earned their degree/certificate or continue to work towards obtaining a degree/certificate.

Based on projections, in approximately 2017 our minority population will become our majority population. In 2012 it is expected that 40% of our high school graduates will be minority students. The question has been raised, "Will our future majority residents be educationally prepared?" Colleges and universities around the State see a need for increasing the overall funding for the program in order to retain Wisconsin's minority students in college. Some schools have indicated that the current level of funding under this program has discouraged them from making students aware of the program's existence due to the fear of creating the "false hope of funding availability" among students.

During the 2001-02 academic year, 348 Wisconsin Technical College students received on average \$1,040 grants under this program. That same year, 274 Independent College and University students received on an average \$1,309. A total of \$720,542 was awarded to all recipients in 2001-02. If funds were available, best projections indicate that an additional \$4,969,350 could have been spent beyond the \$756,900 allocated for 2002-03.

2003-05 Request

	2002-03 Approp.	100% ↑	2003-04 Request	2004-05 Request	2003-05 Request
Minority Undergraduate Grant	\$756,900	\$756,900	\$1,513,800	\$1,513,800	\$3,027,600

IV. Expanding Educational Opportunities for Wisconsin's Potential Minority Teachers

The Minority Teacher Loan (MTL) Program provides loans at five percent interest in amounts of up to \$2,500 per year (with a maximum of \$5,000 total) to Wisconsin resident, minority, undergraduate juniors or seniors. Recipients must be enrolled at least half-time in programs leading to teacher licensure at an Independent or University of Wisconsin Institution. According to the statutes, a minority student is defined as a student who is an African American, American Indian, Hispanic, or Southeast Asian from Laos, Cambodia, or Vietnam admitted to the U. S. after December 31, 1975. The student who participates in this program must agree to teach in a Wisconsin school district in which minority students constitute at least twenty nine percent of total enrollment or in a school district participating in the inter-district pupil transfer (Chapter 220) program. For each year the student teaches in an eligible school district, 25% of the loan is forgiven. If the student does not teach in an eligible district, the loan must be repaid at an interest rate of 5%.

The MTL is also tied to the concern that we may not be sufficiently meeting the needs of the future (similar to the concerns indicated under the previous point related to the Minority Undergraduate Grant). MTL, however, is specific to training minority teachers. K-12 schools with greater than 29% enrolled minority students or schools who participate in the inter-district pupil transfer program have indicated that an enormous need to educate more minority teachers exists. Enrollment at Milwaukee Public Schools in 2001, for example, consisted of over 82% minority students. The same year, just over 30% of the teachers came from minority backgrounds. By increasing the maximum award and funding, the gap between minority students and minority teachers would decrease. Elementary or secondary school districts with minority student populations between 10 and 29% are having difficulty recruiting minority teachers. Expanding the forgiveness parameters to allow minority teachers who teach in districts with a minimum minority student population of 10% to have their loan forgiven would address the challenge school districts around the State are having in recruiting minority teachers.

During the 2001-02 academic year, 109 students received on an average \$2,190 in loan assistance under this program. A total of \$238,662 was awarded to all recipients in 2001-02. If funds were available, best projections indicate that an additional \$262,100 could have been spent beyond the \$262,100 allocated for 2002-03. Some schools have indicated that the current level of funding under this program has discouraged them from making students aware of the program's existence due to the fear of creating the "false hope of funding availability" among students.

2003-05 Request

	2002-03 Approp.	100% ↑	2003-04 Request	2004-05 Request	2003-05 Request
Minority Teacher Loan	\$262,100	\$262,100	\$524,200	\$524,200	\$1,048,400

V. Keeping the Best and Brightest in Wisconsin

Academic Excellence Scholarships are awarded to Wisconsin high school seniors who have the highest grade point average in each public and private high school throughout the State of Wisconsin. The number of scholarships each high school is eligible for is based on total student enrollment. In order to receive a scholarship a student must be enrolled on a full-time basis, by September 30th of the academic year following the academic year in which he or she was designated as a scholar, at a participating University of Wisconsin, Wisconsin Technical College, or Independent institution in the State. The maximum scholarship is currently \$2,250. The maximum scholarship for students awarded in 1995-96 and prior was full tuition and fees at a UW campus or Wisconsin Technical College, or an amount equal to the UW - Madison tuition and fees for the students attending independent institutions in Wisconsin. Half of the scholarship is funded by the state, while the other half is matched by the institution.

The intention of this program is to keep the best and the brightest in Wisconsin. Most recent data indicates that the program may no longer be fulfilling its purpose due to the \$2,250 annual maximum. Tuition (and fees) at UW - Madison (which the program was tied to in 1995-96 and prior) is \$4,088 for 2002-03. Data is showing that more students who are designated the recipient of the scholarship are choosing not to stay in Wisconsin and therefore the alternate is accepting the scholarship instead. Some would argue that the alternate may be as academically strong as the designated recipient. However, the fact remains that fewer of those designated as the scholarship recipient due to their highest GPA ranking are choosing to stay in Wisconsin to attend college.

Increasing the maximum award for each student to \$4,088 would restore the program back to its original model and encourage Wisconsin's best and brightest to stay in the State. The additional commitment would be approximately 2.6 million annually by the State. This amount would also have to be matched by the schools.

2003-05 Request

	2002-03 Approp.	89% ↑	2003-04 Request	2004-05 Request	2003-05 Request
Academic Excellence Scholarship	\$2,917,000	\$2,600,000	\$5,517,000	\$5,517,000	\$11,034,000

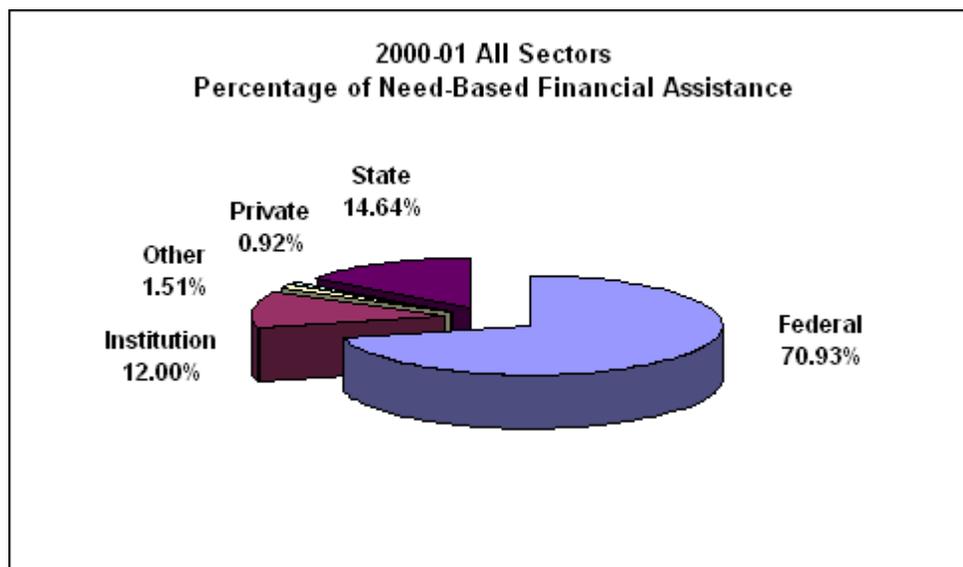
I have included **Attachment B** which reflects the zero percent request for the 2003-05 biennial period along with **Attachment C** that indicates the funding request "if additional funds become available." They also incorporate projected figures for the two programs that have sum sufficient appropriations.

2000-01
ALL SECTORS
Independent Colleges & Universities, Tribal Colleges, UW System, WTC System
Need-Based Financial Assistance

Number of Students Receiving Need-Based Financial Assistance 89,129

Total Cost of Education	\$1,027,275,660
- Expected Family Contribution (EFC)	-\$355,559,182
= Total Need	\$671,716,478
Total Need	\$671,716,478
- Total Need-Based Assistance	-\$446,197,523
= Total Unmet Need	\$225,518,955

	Number of Awards	Total Dollars	Average Award	% of Total Aid Spent
Total Federal Assistance	158,480	\$316,468,361	\$1,997	70.93%
Total Institutional Assistance	12,876	\$53,530,990	\$4,157	12.00%
Total Other Assistance	3,767	\$6,749,534	\$1,792	1.51%
Total Private Assistance	2,662	\$4,103,171	\$1,541	0.92%
Total State Assistance	55,158	\$65,345,467	\$1,185	14.64%
Total Need-Based Assistance	232,943	\$446,197,523	\$1,915	100.00%



Data Provided by the University of Wisconsin System Administration, each Independent College or University, Each Tribal College, and the Wisconsin Technical College System Board

**STATE OF WISCONSIN
HIGHER EDUCATIONAL AIDS BOARD
2003-2005 BIENNIAL BUDGET REQUEST A**

Per the "budget target policy" an increase of zero percent over FY03 GPR Program Funding is being requested below. However, **if funds do become available, financial assistance programs** administered by the Higher Educational Aids Board (HEAB) **for postsecondary education should become a priority.** Please see Request B on the page following this one.

PROGRAM	2003-04	2004-05
Tuition Grant (B)	\$22,103,700	\$22,103,700
Wisconsin Higher Education Grant-WTC (B)	\$14,874,000	\$14,874,000
Dental Education Contract (A)	\$ 1,517,100	\$ 1,517,100
Wisconsin Higher Education Grant-UW (S)*	\$23,586,800	\$25,473,700
Minority Undergraduate Grant (B)	\$ 756,900	\$ 756,900
Minority Teacher Loan (A)	\$ 262,100	\$ 262,100
Handicapped Grant (B)	\$ 123,800	\$ 123,800
Talent Incentive Grant (B)	\$ 4,503,800	\$ 4,503,800
Teacher Education Loan (A)	\$ 275,000	\$ 275,000
Loan for Teachers of the Visually Impaired (A)	\$ 100,000	\$ 100,000
Nursing Student Loan Program (A)	\$ 450,000	\$ 450,000
Indian Student Assistance (B)**	\$ 787,600	\$ 787,600
Wisconsin Higher Education Grant-Tribal (B)**	\$ 404,000	\$ 404,000
Academic Excellence Scholarship (S)	\$ 3,133,000	\$ 3,133,000
MN-WI Reciprocity (S)	NA	NA
TOTAL	\$72,877,800	\$74,764,700

*The recently passed 2001-03 Budget Adjustment Bill included a provision that ties UW WHEG Program funding increases in the future to increases in the previous year's tuition (2002-03 UW tuition increased 8%).

**Funded through gaming funds rather than GPR.

A = Annual appropriation

B = Biennial appropriation

S = Sum Sufficient appropriation

**STATE OF WISCONSIN
HIGHER EDUCATIONAL AIDS BOARD
2003-2005 BIENNIAL BUDGET REQUEST B**

If funds do become available, financial assistance programs administered by the Higher Educational Aids Board (HEAB) for postsecondary education should become a priority. Below indicates the funding priority for if funds do become available. Please see the Narrative for more details.

PROGRAM	2003-04	%↑	2004-05	%↑
Tuition Grant (B)	\$ 23,872,000	8%	\$ 25,781,800	8%
Wisconsin Higher Education Grant-WTC (B)	\$ 16,063,900	8%	\$ 17,349,000	8%
Dental Education Contract (A)	\$ 1,517,100	0%	\$ 1,517,100	0%
Wisconsin Higher Education Grant-UW (B)*	\$ 23,586,800	8%	\$ 25,473,700	8%
Minority Undergraduate Grant (B)	\$ 1,513,800	100%	\$ 1,513,800	0%
Minority Teacher Loan (A)	\$ 524,200	100%	\$ 524,200	0%
Nursing Student Loan (A)**	\$ 450,000	0%	\$ 450,000	0%
Handicapped Grant (B)	\$ 123,800	0%	\$ 123,800	0%
Talent Incentive Grant (B)	\$ 4,864,100	8%	\$ 5,253,200	8%
Teacher Education Loan (A)***	\$ 275,000	0%	\$ 275,000	0%
Loan for Teachers of the Visually Impaired (B)	\$ 100,000	0%	\$ 100,000	0%
Indian Student Assistance (B)****	\$ 1,575,200	100%	\$ 1,575,200	0%
Wisconsin Higher Education Grant-Tribal (B)****	\$ 808,000	100%	\$ 808,000	0%
Academic Excellence Scholarship (S)	\$ 5,517,000	89%	\$ 5,517,000	0%
MN-WI Reciprocity (S)	NA		NA	
TOTAL	\$80,790,900	14%	\$86,261,800	7%

In order to maintain the same level of funding as ten or more years ago, the programs listed below would need to increase by the following amounts in 2003-04 fiscal year. This is in addition to the amounts indicated above.

	2002-03 Appropriation	4.29% ↑
Talent Incentive Program Grant	\$ 4,503,800	\$ 193,200
UW WI Higher Education Grant	\$ 21,839,600	\$ 936,900
WTC WI Higher Education Grant	\$ 14,874,000	\$ 638,100
WI Tuition Grant	\$ 22,103,700	\$ 948,300
TOTAL	\$ 63,321,100	\$2,716,500

In order to meet increasing need due to the increase of needy applicants, the programs listed below would need to increase by the following amounts in 2003-04 fiscal year. This is in addition to the amounts indicated above.

	2002-03 Appropriation	% ↑
Talent Incentive Program Grant	\$ 4,503,800	\$ 180,200 (4%)
UW WI Higher Education Grant	\$ 21,839,600	\$ 873,600 (4%)
WTC WI Higher Education Grant	\$ 14,874,000	\$ 2,974,800 (20%)
WI Tuition Grant	\$ 22,103,700	\$ 884,200 (4%)
TOTAL	\$ 63,321,100	\$ 4,912,800 (8%)

*The recently passed 2001-03 Budget Adjustment Bill included a provision that ties UW WHEG Program funding increases in the future to increases in the previous year's tuition (2002-03 UW tuition increased 8%).

**Program was recently established in 2002-03.

***MTEC annual tuition has not increased over the five years this program has been in existence.

****Funded through gaming funds rather than GPR.

A = Annual appropriation

B = Biennial appropriation

S = Sum Sufficient appropriation

STATE OF WISCONSIN

HIGHER EDUCATIONAL AIDS BOARD

2003-2005 BIENNIAL BUDGET REQUEST A

DECISION ITEMS IN PRIORITY ORDER AND CONTACT

Per the “budget target policy” an increase of zero percent over FY03 GPR Program Funding is being requested below. However, **if funds do become available, financial assistance programs** administered by the Higher Educational Aids Board (HEAB) **for postsecondary education should become a priority.** Please see Request B on the page following this one.

All items listed below are of equal priority:

<u>Description</u>	<u>Decision Item</u>	<u>Contact</u>
I. Program One - Programs and Policy		Jane Hojan-Clark
A. Tuition Grants	4501	
B. WHEG Technical College	4502	
C. Dental Education Contract	4503	
D. WHEG University of WI	4506	
E. Minority Undergraduate Grant	4507	
F. Minority Teacher Loan	4510	
G. Nursing Student Loan	4517	
H. Handicapped Grant	4512	
I. Talent Incentive Grant	4514	
J. Teacher Education Loan	4515	
K. Loan for Teachers of Vis. Imp.	4516	
L. Indian Student Assistance	4532	
M. WHEG Tribal College	4533	
N. Academic Excellence Scholar	4505	
O. MN/WI Reciprocity	NA	
II. Program Two - Administration and Fiscal Services		Jane Hojan-Clark
A. IT Proposal	5001	
B. Position Funding Transfer	5002	
III. Proposed Statutory Language Changes	7005	Jane Hojan-Clark

STATE OF WISCONSIN

HIGHER EDUCATIONAL AIDS BOARD

2003-2005 BIENNIAL BUDGET REQUEST B

DECISION ITEMS IN PRIORITY ORDER AND CONTACT

If funds do become available, financial assistance programs administered by the Higher Educational Aids Board (HEAB) for postsecondary education should become a priority. Below indicates the funding priority order for this program if funds do become available. Please see the Narrative for more details.

<u>Description</u>	<u>Decision Item</u>	<u>Contact</u>
I. Program One - Programs and Policy		Jane Hojan-Clark
PRIORITY ONE		
A. Tuition Grants	4501	
B. WHEG Technical College	4502	
C. WHEG University of WI	4506	
D. WHEG Tribal College	4533	
E. Talent Incentive Grant	4514	
PRIORITY TWO		
A. Indian Student Assistance	4532	
B. Minority Undergraduate Grant	4507	
C. Minority Teacher Loan	4510	
D. Academic Excellence Scholar	4505	
E. Dental Education Contract	4503	
PRIORITY THREE		
A. Nursing Loan Program	4517	
B. Handicapped Grant	4512	
C. Teacher Education Loan	4515	
D. Loan for Teachers of Vis. Imp.	4516	
E. MN/WI Reciprocity	NA	
II. Program Two - Administration and Fiscal Services		Jane Hojan-Clark
PRIORITY ONE		
A. IT Proposal	5001	
B. Position Funding Transfer	5002	
III. Proposed Statutory Language Changes	7005	Jane Hojan-Clark

**DECISION ITEM 7005
STATE OF WISCONSIN
HIGHER EDUCATIONAL AIDS BOARD
PROPOSED STATUTORY LANGUAGE CHANGES**

Contact Person for all Requests: Jane Hojan-Clark

UNDER BUDGET REQUEST B:

Request One – Tie future Wisconsin Tuition Grant Program funding increases to increases in the previous year's UW tuition.

Description

State Statute 20.235 (1) (b) of the statutes is amended to read:

20.235 (1) (b) *Wisconsin tuition grants*; Biennially, the amounts in the schedule *a sum sufficient equal to the amount determined under s. 39.435 (9)* for the purposes of s. 39.30."

39.435 (9) of the statutes is created to read:

39.435 (9) (a) In this subsection: 1. For purposes of determining the appropriation under s. 20.235 (1) (b) for fiscal year 2003–04, “base amount” means the amount shown in the schedule under s. 20.005 for that appropriation for fiscal year 2002–03. 2. For purposes of determining the appropriation under s. 20.235 (1) (b) for each fiscal year after fiscal year 2003–04, “base amount” means the maximum appropriation amount determined under par. (b) for the previous fiscal year. (b) Annually, by February 1, the board shall determine the appropriation under s. 20.235 (1) (b) for the next fiscal year as follows:

1. The board shall determine the percentage by which the undergraduate academic fees charged for the current academic year at each institution within the University of Wisconsin System has increased or decreased from the undergraduate academic fees charged for the previous academic year. 2. The appropriation for the next fiscal year shall be the result obtained by increasing, to the nearest \$100, the base amount by the highest percentage increase determined under subd. 1., except that, if the undergraduate academic fees for the current academic year decreased or did not change from the undergraduate academic fees charged for the previous academic year at each institution specified in subd. 1., the appropriation shall be the base amount.” 3. “(1d) TUITION AND FINANCIAL AID. The treatment of sections 20.235 (1) (b) of the statutes takes effect on July 1, 2003.”

Intent

Historically, funding for programs administered by the Higher Educational Aids Board was tied to the cost of education. For example, funding for the Wisconsin Higher Education Grant (WHEG) Program when it was initially created was tied to meeting 33.33% of the cost of education. To meet 33% of the Wisconsin student’s cost of education today (excluding the Expected Family Contribution and other available need based assistance) funding for the WHEG and Wisconsin Tuition Grant (WTG) and Talent Incentive Program (TIP) Grant Programs would need to increase by approximately 69% for 2002-03. Most recently, funding requests have been tied to tuition increases. Tuition increases from year to year can range from 5 to 9%. The recently passed 2001-03 Budget Adjustment Bill included a provision that ties UW WHEG Program funding increases in the future to increases in the previous year's tuition increase (2002-03 UW tuition increased 8%). UW WHEG provides assistance for UW students. The students who are served by the WTC WHEG, WTG and the TIP Grant Programs experience similar tuition increases as the UW students served by the UW WHEG Program. In order to provide financially needy Wisconsin residents who attend WTC and Independent Colleges and Universities the same educational opportunity as those attending UW, the same funding relationship needs to be made.

UNDER BUDGET REQUEST B:

Request Two – Tie future Wisconsin Higher Education Grant - WTC Program funding increases to increases in the previous year's UW tuition.

Description

State Statute 20.235 (1) (ff) of the statutes is amended to read:

20.235 (1) (ff) *Wisconsin higher education grants; technical college students.* Biennially, the amounts in the schedule *a sum sufficient equal to the amount determined under s. 39.435 (8)* for the Wisconsin higher education grant program under s. 39.435 for technical college students, except for grants awarded under s. 39.435 ~~(2) or~~ (5).”.

39.435 (8) of the statutes is created to read:

39.435 (8) (a) In this subsection: 1. For purposes of determining the appropriation under s. 20.235 (1) (ff) for fiscal year 2003–04, “base amount” means the amount shown in the schedule under s. 20.005 for that appropriation for fiscal year 2002–03. 2. For purposes of determining the appropriation under s. 20.235 (1) (ff) for each fiscal year after fiscal year 2003–04, “base amount” means the maximum appropriation amount determined under par. (b) for the previous fiscal year. (b) Annually, by February 1, the board shall determine the appropriation under s. 20.235 (1) (ff) for the next fiscal year as follows:

1. The board shall determine the percentage by which the undergraduate academic fees charged for the current academic year at each institution within the University of Wisconsin System has increased or decreased from the undergraduate academic fees charged for the previous academic year. 2. The appropriation for the next fiscal year shall be the result obtained by increasing, to the nearest \$100, the base amount by the highest percentage increase determined under subd. 1., except that, if the undergraduate academic fees for the current academic year decreased or did not change from the undergraduate academic fees charged for the previous academic year at each institution specified in subd. 1., the appropriation shall be the base amount.” 3. “(1d) TUITION AND FINANCIAL AID. The treatment of sections 20.235 (1) (ff) of the statutes takes effect on July 1, 2003.”

Intent

Historically, funding for programs administered by the Higher Educational Aids Board was tied to the cost of education. For example, funding for the Wisconsin Higher Education Grant (WHEG) Program when it was initially created was tied to meeting 33.33% of the cost of education. To meet 33% of the Wisconsin student’s cost of education today (excluding the Expected Family Contribution and other available need based assistance) funding for the WHEG and Wisconsin Tuition Grant (WTG) and Talent Incentive Program (TIP) Grant Programs would need to increase by approximately 69% for 2002-03. Most recently, funding requests have been tied to tuition increases. Tuition increases from year to year can range from 5 to 9%. The recently passed 2001-03 Budget Adjustment Bill included a provision that ties UW WHEG Program funding increases in the future to increases in the previous year's tuition increase (2002-03 UW tuition increased 8%). UW WHEG provides assistance for UW students. The students who are served by the WTC WHEG, WTG and the TIP Grant Programs experience similar tuition increases as the UW students served by the UW WHEG Program. In order to provide financially needy Wisconsin residents who attend WTC and Independent Colleges and Universities the same educational opportunity as those attending UW, the same funding relationship needs to be made.

UNDER BUDGET REQUEST B:

Request Three – Expand the Forgiveness Parameters of the Minority Teacher Loan

Description

State Statute 39.40(2)(d) Agree to teach in a school district located in this state in which minority students constitute at least ~~29%~~ **10%** of the membership or in a school district participating in the interdistrict pupil transfer program under s. 121.85. In this paragraph, "membership" has the meaning given in s. 121.004 (5).

Intent

The Minority Teacher Loan (MTL) Program provides loans at five percent interest in amounts of up to \$2,500 per year (with a maximum of \$5,000 total) to Wisconsin resident, minority, undergraduate juniors or seniors. Recipients must be enrolled at least half-time in programs leading to teacher licensure at an Independent or University of Wisconsin Institution. According to the statutes, a minority student is defined as a student who is an African American, American Indian, Hispanic, or Southeast Asian from Laos, Cambodia, or Vietnam admitted to the U. S. after December 31, 1975. The student who participates in this program must agree to teach in a Wisconsin school district in which minority students constitute at least twenty nine percent of total enrollment or in a school district participating in the inter-district pupil transfer (Chapter 220) program. For each year the student teaches in an eligible school district, 25% of the loan is forgiven. If the student does not teach in an eligible district, the loan must be repaid at an interest rate of 5%.

The MTL is also tied to the concern that we may not be sufficiently meeting the needs of the future (similar to the concerns indicated under the previous point related to the Minority Undergraduate Grant). MTL, however, is specific to training minority teachers. K-12 schools with greater than 29% enrolled minority students or schools who participate in the inter-district pupil transfer program have indicated that an enormous need to educate more minority teachers exists. Enrollment at Milwaukee Public Schools in 2001, for example, consisted of over 82% minority students. The same year, just over 30% of the teachers came from minority backgrounds. Elementary or secondary school districts with minority student populations between 10 and 29% are having difficulty recruiting minority teachers. Expanding the forgiveness parameters to allow minority teachers who teach in districts with a minimum minority student population of 10% to have their loan forgiven would address the challenge school districts around the State are having in recruiting minority teachers.

UNDER BUDGET REQUEST B:

Request Four – Tie future Talent Incentive Program Grant funding increases to increases in the previous year's UW tuition.

Description

State Statute 20.235 (1) (fd) of the statutes is amended to read:

20.235 (1) (fd) talent incentive grants. Biennially, the amounts in the schedule *a sum sufficient equal to the amount determined under s. 39.435 (10)* for the talent incentive grants under s. 39.435 (2).”

39.435 (10) of the statutes is created to read:

39.435 (10) (a) In this subsection: 1. For purposes of determining the appropriation under s. 20.235 (1) (fd) for fiscal year 2003–04, “base amount” means the amount shown in the schedule under s. 20.005 for that appropriation for fiscal year 2002–03. 2. For purposes of determining the appropriation under s. 20.235 (1) (fd) for each fiscal year after fiscal year 2003–04, “base amount” means the maximum appropriation amount determined under par. (b) for the previous fiscal year. (b) Annually, by February 1, the board shall determine the appropriation under s. 20.235 (1) (fd) for the next fiscal year as follows:

1. The board shall determine the percentage by which the undergraduate academic fees charged for the current academic year at each institution within the University of Wisconsin System has increased or decreased from the undergraduate academic fees charged for the previous academic year. 2. The appropriation for the next fiscal year shall be the result obtained by increasing, to the nearest \$100, the base amount by the highest percentage increase determined under subd. 1., except that, if the undergraduate academic fees for the current academic year decreased or did not change from the undergraduate academic fees charged for the previous academic year at each institution specified in subd. 1., the appropriation shall be the base amount.” 3. “(1d) TUITION AND FINANCIAL AID. The treatment of sections 20.235 (1) (fd) of the statutes takes effect on July 1, 2003.”

Intent

Historically, funding for programs administered by the Higher Educational Aids Board was tied to the cost of education. For example, funding for the Wisconsin Higher Education Grant (WHEG) Program when it was initially created was tied to meeting 33.33% of the cost of education. To meet 33% of the Wisconsin student’s cost of education today (excluding the Expected Family Contribution and other available need based assistance) funding for the WHEG and Wisconsin Tuition Grant (WTG) and Talent Incentive Program (TIP) Grant Programs would need to increase by approximately 69% for 2002-03. Most recently, funding requests have been tied to tuition increases. Tuition increases from year to year can range from 5 to 9%. The recently passed 2001-03 Budget Adjustment Bill included a provision that ties UW WHEG Program funding increases in the future to increases in the previous year's tuition increase (2002-03 UW tuition increased 8%). UW WHEG provides assistance for UW students. The students who are served by the WTC WHEG, WTG and the TIP Grant Programs experience similar tuition increases as the UW students served by the UW WHEG Program. In order to provide financially needy Wisconsin residents who attend WTC and Independent Colleges and Universities the same educational opportunity as those attending UW, the same funding relationship needs to be made.

UNDER BUDGET REQUEST B:

Request Five – Expand and Increase Maximum Award for the Indian Student Assistance Grant

Description

State Statute 39.38(2) Grants under this section shall be based on financial need, as determined by the board. The maximum grant shall not exceed ~~\$2,200~~ **\$4,400** per year, of which not more than ~~\$1,100~~ **\$2,200** may be from the

appropriation under s. 20.235 (l) (k). State aid from this appropriation may be matched by a contribution from a federally recognized American Indian tribe or band that is deposited in the general fund and credited to the appropriation account under s. 20.235 (l) (gm). Grants shall be awarded to students for full-time or part-time attendance at any accredited institution of higher education in this state. The board may not make a grant under this section to a student whose name appears on the statewide support lein docket under 49.854 (2) (b), unless the student provides to the board a payment agreement that has been approved by the county child support agency under s.59.53 (5) and that is consistent with rules promulgated under s. 49.858 (2) (a). Grants shall be renewable for up to 5 years if a recipient remains in good academic standing at the institution that he or she is attending.

Intent

The Indian Student Assistant Grant (ISAG) was established to assist Wisconsin residents who are at least twenty five percent Native American and are undergraduate or graduate students enrolled in degree or certificate programs at a University of Wisconsin, Wisconsin Technical College, an Independent College or University, Tribal College or a Proprietary Institution in Wisconsin. Awards are based on financial need with a limit of ten semesters of eligibility.

Currently the maximum award under this program is \$1,100. Prior to 1995-96, the maximum award was \$2,200. The award had been split in half in 1995-96 because funding availability dropped by 50%. Since the decrease in the maximum, there has been an increasing number of Native American students who have been forced to drop out of school due to lack of funding. It appears that, although not all students would be eligible for a maximum of \$2,200 under this program, students who have financial need have very high financial need and require the highest maximum grant possible in order to afford to stay in school. In order to fund an increase in the maximum, the program's appropriation would also need to double. The ISAG Program is funded through Gaming Funds unlike other programs HEAB administers which are funded through General Program Revenue.

UNDER BUDGET REQUEST B:

Request Six – Increase Maximum Award for the Academic Excellence Scholarship

Description

State Statute 39.41(2)(a) If a designated scholar under sub. (1m) is admitted to and enrolls, on a full-time basis, by September 30 of the academic year immediately following the school year in which the senior was designated a scholar, in an institution within the University of Wisconsin System or in a technical college district school that is participating in the program under this section, the scholar shall receive a higher education scholarship that exempts the scholar from all tuition and fees, including segregated fees, at the institution or district school for one year, except that the maximum scholarship for a scholar who receives an original scholarship for the 1996-97 ***through 2002-03*** academic years ~~or for any academic year thereafter~~ may not exceed \$2,250 per academic year, ***and the maximum scholarship for a scholar who receives an original scholarship for the 2003-04 academic year or for any academic year thereafter may not exceed \$4,088 per academic year.***

(b) For each year that a scholar who receives a scholarship under par. (a) is enrolled full time, maintains at least a 3.000 grade point average, or the equivalent as determined by the institution or district school, and makes satisfactory progress toward an associate or a bachelor's degree, the student shall be exempt from all tuition and fees, including segregated fees, in the subsequent year, except that the maximum scholarship for a scholar who receives an original scholarship for the 1996-97 ***through 2002-03*** academic years ~~or for any academic year thereafter~~ may not exceed \$2,250 per academic year, ***and the maximum scholarship for a scholar who receives an original scholarship for the 2003-04 academic year or for any academic year thereafter may not exceed \$4,088 per academic year.*** No scholar is eligible for an exemption for more than 4 years in the University of Wisconsin System or more than 3 years at a district school.

(c) Subject to sub. (4), for each year the student is exempt from tuition and fees under par. (a) or (b), the board shall pay the institution or district school, on behalf of the student, an amount equal to 50% of the student's tuition and fees, except that the maximum payment for a student who receives an original scholarship for the 1996-97 ***through 2002-03*** academic years ~~or for any academic year thereafter~~ may not exceed \$1,125 per academic year, ***and the maximum payment for a student who receives an original scholarship for the 2003-04 academic year or for any academic year thereafter may not exceed \$2,044 per academic year.***

39.41(3)(a) If a designated scholar under sub. (1m) is admitted to and enrolls, on a full-time basis, by September 30 of the academic year immediately following the school year in which the senior was designated a scholar, in a private institution of higher education that is located in this state and participating in the program under this section, the board shall pay the institution, on behalf of the pupil, an amount equal to 50% of the tuition and fees charged a resident undergraduate at the University of Wisconsin-Madison in the same academic year, except that the maximum payment for a pupil who receives an original scholarship for the 1996-97 *through 2002-03* academic years ~~or for any academic year thereafter~~ may not exceed \$1,125 per academic year, ***and the maximum payment for a pupil who receives an original scholarship for the 2003-04 academic year or for any academic year thereafter may not exceed \$2,044 per academic year.***

Intent

Academic Excellence Scholarships are awarded to Wisconsin high school seniors who have the highest grade point average in each public and private high school throughout the State of Wisconsin. The number of scholarships each high school is eligible for is based on total student enrollment. In order to receive a scholarship a student must be enrolled on a full-time basis, by September 30th of the academic year following the academic year in which he or she was designated as a scholar, at a participating University of Wisconsin, Wisconsin Technical College, or Independent institution in the State. The maximum scholarship is currently \$2,250. The maximum scholarship for students awarded in 1995-96 and prior was full tuition and fees at a UW campus or Wisconsin Technical College, or an amount equal to the UW - Madison tuition and fees for the students attending independent institutions in Wisconsin. Half of the scholarship is funded by the state, while the other half is matched by the institution.

The intention of this program is to keep the best and the brightest in Wisconsin, as indicated earlier. Most recent data indicates that the program may no longer be fulfilling its purpose due to the \$2,250 annual maximum. Tuition at UW - Madison (which the program was tied to in 1995-96 and prior) is 4,088 for 2002-03. Data is showing that more students who are designated the recipient of the scholarship are choosing not to stay in Wisconsin and therefore the alternate is accepting the scholarship instead. Some would argue that the alternate might be as academically strong as the designated recipient. However, the fact remains that fewer of those designated as the scholarship recipient due to their highest GPA ranking are choosing to stay in Wisconsin to attend college.

Increasing the maximum award for each student to \$4,088 would restore the program back to its original model and encourage Wisconsin's best and brightest to stay in the State. The additional commitment would be approximately 2.6 million annually by the State. This amount would also have to be matched by the schools.

**STATE OF WISCONSIN
HIGHER EDUCATIONAL AIDS BOARD
PERFORMANCE MEASURES**

AGENCY DESCRIPTION

The Higher Educational Aids Board is a part-time independent policy-making board composed of eleven members appointed to serve at the pleasure of the Governor. The Governor appoints one member from the Board of Regents of the University of Wisconsin System; one member from the State Board of the Wisconsin Technical College System; one member who is a trustee of an independent college or university to represent such independent institutions; one student and one financial aid administrator each from within the University of Wisconsin System, Wisconsin Technical College System and independent institutions; one citizen member to represent the general public; and the state superintendent of public instruction.

The Executive Secretary is appointed by and serves at the pleasure of the Governor. The Executive Secretary makes policy recommendations to the Board; carries out policy directives from the Governor, Legislature and Board; and is responsible for initiating and carrying out all administrative direction and responsibilities of the agency. All 12 other permanent agency staff members are in the classified service. The agency is composed of two areas: (1) Programs and Policy (Student Support Activities); and (2) Administration and Fiscal Services.

The board administers the State programs of student financial aid, including scholarship, grant, and loan programs; the Minnesota-Wisconsin reciprocity agreement; a contract for dental education services; and the contracts associated with the Medical College of Wisconsin. The agency's activities are organized into two programs. Program One includes the following subprograms which provide financial support to individuals: Academic Excellence Scholarship, Dental Education Contract (Capitation) Program, Handicapped Student Grant, Indian Student Assistance Grant, Minnesota-Wisconsin Reciprocity Program, Minority Undergraduate Grant, Minority Teacher Loan, Talent Incentive Program Grant, Teacher Education Loan, Teacher of the Visually Impaired Loan Program, Wisconsin Higher Education Grant, Wisconsin Tuition Grant. Program Two includes the costs of administering the activities grouped under Program One along with costs associated with servicing contracts associated with the Medical College of Wisconsin, the Independent Student Grant, Nursing Student Stipend Loan, Paul Douglas Scholarship, Wisconsin Health Education Assistance Loan, and the Wisconsin Nonguarantee Loan.

MISSION

The mission of the Higher Educational Aids Board (HEAB) is to ensure that all students be provided equal access and diversity in obtaining a higher education and make certain the funds for each program HEAB administers are distributed in a fair, equitable and timely manner.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Program 1: Academic Excellence Scholarship

Goal: Keep the best and the brightest in the State of Wisconsin

Objective/Activity:

Academic Excellence Scholarships are awarded to Wisconsin high school seniors who have the highest grade point average in each public and private high school throughout the state of Wisconsin. The number of scholarships each high school is eligible for is based on total student enrollment. In order to receive a scholarship, a student must be enrolled on a full-time basis by September 30th of the academic year following the academic year in which he or she was designated a scholar at a participating University of Wisconsin, Wisconsin Technical College, or Independent institution in the state. The value of the scholarship is \$2,250 per year, to be applied towards tuition. Half of the scholarship is funded by the state, while the other half is funded by the institution.

Program 2: Minority Teacher Loan

Goal: Increase the number of minority teachers in the State of Wisconsin

Objective/Activity:

The Minority Teacher Loan Program provides loans to Wisconsin resident, minority, undergraduate juniors or seniors who are enrolled at least half-time in programs leading to teacher licensure at Independent or University of Wisconsin Institutions. The maximum award per year is \$2,500 with an overall maximum of \$5,000. According to the statutes, a minority student is defined as a student who is either an African American, American Indian, Hispanic, or Southeast Asian from Laos, Cambodia, or Vietnam admitted to the U. S. after December 31, 1975. The student who participates in this program must agree to teach in a Wisconsin school district in which minority students constitute at least twenty nine percent of total enrollment or in a school district participating in the inter-district pupil transfer (Chapter 220) program. For each year the student teaches in an eligible school district, 25% of the loan is forgiven. If the student does not teach in an eligible district, the loan must be repaid at an interest rate of 5%.

PERFORMANCE MEASURES

Prog. No.	Performance Measure	Goal FY01	Actual FY01	Goal FY02	Actual FY02
1. a.	Percentage of recipients persuaded by scholarship to attend school in WI.	53.5%	58%	63.5%*	53%
1. b.	Percentage of "scholarship recipient graduates" who plan to stay in WI after graduation.	59.3%	63%	59.3%**	56%
2. a.	Percentage of recipients in repayment.	29%	23%	29%	26%
2. b.	Percentage of recipient awards forgiven or expected to be forgiven.	71	77%	71%	74%

*Assumed 2001-03 Biennial Budget Request B would be approved.

**Biennial Budget 2001-03 Request B, if approved, would have an impact in four years.

Prog. No.	Performance Measure	Projected FY03	Projected FY04	Goal FY05
1. a.	Percentage of recipients persuaded by scholarship to attend school in WI.	53%	53%	63.5%*
1. b.	Percentage of "scholarship recipient graduates" who plan to stay in WI after graduation.	56%	56%	56%
2. a.	Percentage of recipients in repayment.	26%	26%	26%
2. b.	Percentage of recipient awards forgiven or expected to be forgiven.	74%	74%	74%

*Assumes 2003-05 Biennial Budget Request B is approved